

Message Text

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PAGE 01 MADRID 03451 042018Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----042039Z 001638 /61

P 041818Z MAY 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC PRIORITY 109

C O N F I D E N T I A L MADRID 3451

STADIS//////////

EXDIS

FOR UNDERSECRETARY HABIB, ASSISTANT SECRETARY HARTMAN AND
DALE GOOD (S/IL) ONLY

E.O. 11652: GDS
TAGS: ELAB, SP
SUBJECT: ASSISTANCE TO THE UGT AND BASQUE STV

1. DURING HIS LATEST VISIT TO MADRID APRIL 26-30, IRVING
BROWN (AFL-CIO) DINED ALONE WITH SYNDICAL RELATIONS MINISTER
DE LA MATA ON APRIL 28. HE PASSED ON TO US THE HIGHLIGHTS
OF THE DISCUSSION.

2. DE LA MATA HAD BEEN SOMEWHAT TAKEN ABACK BY THE MAGNITUDE
OF THE PROPOSED UGT LOAN, I.E. US \$4 MILLION (REFTEL).
BROWN SUGGESTED THAT THE AMOUNT COULD PERHAPS BE DISBURSED IN
SEVERAL TRANCHES OVER A PERIOD OF TIME. IN ANY EVENT, THE
MINISTER HAD SAID HE HOPED TO MEET WITH UGT EARLY THE
FOLLOWING WEEK TO DISCUSS SOME OF THE DETAILS OF THE LOAN.
HE WAS AWARE THAT UGT SECGEN NICOLAS REDONDO WOULD NOT BE
IN TOWN, HAVING DEPARTED FOR THE U.S. ON MAY 2.

3. DE LA MATA WAS NERVOUS THAT NEWS OF THE UGT LOAN MIGHT
BECOME PUBLIC, AND HE WISHED TO PROCEED WITH CAUTION.
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BROWN HAD COMMENTED THAT THE LOAN WAS PERFECTLY DEFENSIBLE,
AND THAT AFTER ALL IT WAS A GERMAN BANK, NOT A SPANISH
ONE, PUTTING UP THE MONEY.

4. WITH RESPECT TO THE BASQUE STV, DE LA MATA HAD
RECONFIRMED (MADRID 2444) THE GOVT'S WILLINGNESS TO GUARANTEE
A LOAN - SIZE AS YET UNDETERMINED - FOR THE STV. BROWN

AND LABATT HAD LATER HAD OCCASION TO MEET WITH STV LEADERS (PRESIDENT ROBLES, VICE PRESIDENT LEUNDA, AND SECGEN ECHEVERRIA) TO DISCUSS THE QUESTION OF ASSISTANCE. ACTING AS SPOKESMAN FOR STV, LEUNDA TOLD US THAT WEST GERMAN DGB BANK HAD RESPONDED FAVORABLY TO STV REQUEST FOR LOAN, AND UNION ALREADY HAD DRAFT OF PROPOSED LOAN TERMS. NEXT STEP WAS TO DISCUSS MATTER OF GOVT GUARANTEE OF LOAN WITH DE LA MATA. WE NOTE THAT AS WITH THE UGT LOAN, THE PARTICIPATING BANKS ARE THE DGB BANK AND ON THE SPANISH SIDE, THE BANCO RURAL Y MEDITERRANEO.

5. WHEN QUESTIONED ABOUT THE SIZE OF THE LOAN THE STV HAD IN MIND, LEUNDA SAID THEY WERE CONTEMPLATING "SEVERAL MILLION DOLLARS". BROWN STRONGLY ADVISED THAT STV NOT GO OVERBOARD, SUGGESTING THAT THEY CONSIDER GOING FOR, SAY, AN INITIAL ONE MILLION DOLLARS FOR A FIRST YEAR LOAN, AND THEN SEE WHAT THEIR FURTHER NEEDS MIGHT BE AFTER THAT PERIOD. BROWN CONTINUED THAT IT WAS NOT A GOOD IDEA TO HAVE TOO MUCH MONEY ON HAND: FOR ONE THING IT TENDED TO SLOW THE PROCESS OF BECOMING SELF-RELIANT FINANCIALLY, AND SECONDLY, THEY COULDN'T SPEND MORE THAN ONE MILLION THE FIRST YEAR IN ANY EVENT. THE STV LEADERS APPEARED TO RESPOND TO THIS REASONING. EMBASSY HAS NOMINATED STV'S JOSE LEUNDA FOR A 30-DAY IVP GRANT COMMENCING MAY 15.

5. BROWN REMARKED TO US THAT IT WAS QUITE OBVIOUS THAT DE LA MATA HAD GOTTEN HIS MARCHING ORDERS FROM PRIME MINISTER SUAREZ, AND HE WAS PREPARED TO DO WHAT WAS NECESSARY TO ASSIST THE UGT AND STV. BROWN ALSO TOLD US
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THAT APPARENTLY THE GOS BELIEVED THAT THE AFL-CIO HAD BEEN BEHIND THE RECENT UGT WITHDRAWAL FROM THE COS NATIONAL "UNITY OF ACTION" MECHANISM (GROUPING THE COMMUNIST-DOMINATED WORKERS' COMMISSIONS, CHRISTIAN SOCIALIST USO AND UGT)
--A FORTUITOUS DEVELOPMENT. STABLER

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